

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
Washington, DC 20250

Notice PM-2303

For: All FFAS Employees

Professional Liability Insurance Partial Premium Reimbursement Program Updates

Approved by: Deputy Administrator, Management



1 Overview

A

Background

Congress passed Pub. L. 104-208, dated September 30, 1996, permitting Federal agencies to reimburse their management officials and supervisors for 50 percent of the cost of their annual professional liability insurance premium cost. FSA also authorized the provisions to eligible non-Federal County Office employees.

B

Purpose

This notice:

- advises eligible employees of updates to this policy
- provides instructions for applying for and processing the insurance premium partial reimbursement.

Continued on the next page

Disposal Date

January 1, 2003

Distribution

All FSA, FAS, and RMA employees; State
Offices relay to County Offices

1 Overview (Continued)

C

Definition of Professional Liability Insurance

Professional liability insurance is defined as insurance which provides coverage for:

- legal liability for damages because injuries to other persons, damage to their property, or other damage or loss to other persons, including the expenses of litigation and settlement, resulting from or arising out of any tortuous act, error, or omission of the covered individual (whether common law, statutory, or constitutional) while in the performance of the individual's official duties as a qualified employee
 - the cost of legal representation for the covered individual in connection with any administrative or judicial proceeding, including any investigation or disciplinary proceeding, relating to any act, error, or omission of the covered individual while in the performance of the individual's official duties as a qualified employee, and other legal costs and fees relating to any administrative or judicial proceeding.
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2 Program Updates

A

Eligibility

Only active supervisors or management officials, as defined in paragraph 3, are eligible for the program. Separated employees are not eligible for the program.

B

Insurer's Administrative Fees

The administrative fee is now considered to be part of the professional liability insurance premium and may be included for reimbursement.

C

Retroactive Reimbursement

Employees who have not submitted claims for reimbursement since October 1, 1996, the effective date of the legislation, must do so no later than May 31, 2002. Employees who submit claims after May 31, 2002, for reimbursement of insurance purchased more than 2 years before that date will not be eligible for reimbursement.

3 Determining Eligibility

A

Partial Insurance Reimbursement Eligibility

The partial insurance reimbursement is payable to any eligible supervisor or management official acting within the scope of their employment as defined in 5 U.S.C. 7103(a)(10) and (11).

B

Definition of Supervisor and Management Official

5 U.S.C. 7103 (a)(10) and (a)(11) defines supervisor and management official as follows:

- “supervisor” means an individual employed by an agency having authority in the interest of the agency to hire, direct, assign, promote, reward, transfer, furlough, layoff, recall, suspend, discipline, or remove employees, to adjust their grievances, or to effectively recommend such action, if the exercise of the authority is not merely routine or clerical in nature but requires the consistent exercise of independent judgment
- “management official” means an individual employed by an agency in a position the duties and responsibilities of which require or authorize the individual to formulate, determine, or influence the policies of the agency.”

Employees who are not sure whether they meet the definition of supervisor or management official, should contact their servicing personnel office for verification.

C

County Office Non-Federal Employees

HRD has determined that the following non-Federal positions are considered supervisory as defined in subparagraph B, and therefore, are eligible to participate in the reimbursement program:

- CED
- Program Technician in Charge.

No other non-Federal positions meet the definition of supervisor or management official.

Continued on next page

3 Determining Eligibility (Continued)

D

FSA Federal Field Employees

The following Federal FSA field positions meet the definition of supervisor or management official and are eligible for reimbursement:

- State Executive Director
- District Director
- Chief, Farm Loan Programs Branch
- State Committee member
- Farm Loan Manager.

Some positions, such as Administrative Officer or key Program Specialists may meet either the supervisory or management official definition. Contact the servicing personnel office to obtain a determination on a case-by-case basis.

Farm Loan Officers do not meet the definition of supervisor or management official and are not eligible for reimbursement.

E

FAS, Foreign Service Officers

HRD, Foreign Operations Branch (FOB) has determined that Foreign Service Officers, who are overseas as heads of posts or serving as the director of an Agricultural Trade Office, are eligible to participate in the reimbursement program.

4 Obtaining Partial Premium Reimbursement

A

**Amount of the
Premium
Reimbursement**

Agencies are authorized to reimburse eligible employees for 50 percent of the annual total cost of the professional liability insurance.

B

**Applying for
Partial Premium
Reimbursement**

Eligible employees may apply for reimbursement by submitting a completed SF-1164 (Exhibit 1). Attach the insurance premium statement with acceptable proof of payment, such as a canceled check or insurance statement showing premium payments made in full to SF-1164.

Employees shall submit the required documentation to their servicing personnel office, according to paragraph 5, no later than the end of the calendar year following the year in which the cost for professional liability insurance is incurred.

C

**IRS Tax
Treatment
Determination**

IRS advises that employee reimbursements made under a properly administered Professional Liability Insurance Program may be excluded from gross income under section 132(d) of the Code and exempt from the withholding and payment of employment taxes.

Employees should consult their individual tax advisors for specific information.

D

**Processing
Reimbursements**

Offices shall process reimbursements according to NFC Bulletin 97-17.

Note: Entry instructions and a sample screen are provided in Exhibit 2.

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5 Contacts

A

**National Office,
RMA Field
Offices, FAS
Overseas Offices,
and SED's**

Employees serviced by the National Office shall follow this table to obtain additional information and submit a claim for reimbursement.

IF the employee needs to...	THEN...
verify supervisor or management official status	contact the Domestic Operations Branch (DOB) or FOB according to the HRD Services Listing.
ask questions about this notice	contact the Performance Management, Benefits, and Awards Branch (PMBAB) at 202-418-9021 or 202-418-9039
submit SF 1164 and payment certification	<ul style="list-style-type: none">mail to: USDA/FSA/HRD/PMBAB STOP 0595 1400 Independence Avenue, SW Washington, DC 20250-0595FAX to 202-418-9129.
ask about issuing the payment	contact DOB, Services Unit at 202-418-9135 or 9136

B

**KC Offices,
RMA, Research
and Development
Division, APFO,
and State and
County Offices**

Employees that are **not** serviced by the National Office shall direct questions about the contents of this notice or submitting SF-1164 and documentation to the appropriate contact according to the following table.

IF the employee is located in...	THEN contact...
KCAO, KCCO, KCFO, KC-ITSDO, KC-ITSTO	KCAO, Personnel Division at 816-926-6119 or TDD at 816-926-6148
RMA, Research and Development Division	
APFO	KCAO, APFO, Personnel Division
State and County Offices, except SED's	the State Office, Administrative Division

Following is an example of SF-1164 completed for reimbursement of professional liability insurance premium.

[illegible]

Title I
Chapter 5
Bulletin 97-17

Attachment

PRES Program DP127, Allowances

After you select DP127 from the PRES Menu, the Allowances screen is displayed. Complete the key fields. Then complete the applicable fields as follows:

1 Transaction (required, alphanumeric field; 1 position). Key in the transaction code. Valid values are A (add), C (change), or D (delete). Professional Liability Insurance may be reported for any time-frame using the transaction of A to start and D to stop reporting.

2 Key An Asterisk (*) Beside The Desired Allowance Type (required, alphanumeric field; 1 position). Key in an asterisk next to Professional Liability Insurance.

3 Taxable (required, alpha field; 1 position). Key in N (tax exempt).

4 Allowance Code (required, numeric field; 1 position). Key in 3 (per pay period). This amount is paid for one pay period only.

5 Allowance Rate (required, numeric field; 7 positions). Key in the amount in dollars and cents to be

paid (the amount is one half of the cost of the insurance). The system automatically pays this one-time reimbursement even though Allowance Code 3 (per pay period) is entered in the Allowance Code field.

6 Allowance Total (maximum amount of the allowance in dollars and cents). Key in the allowance total. The Allowance Rate and the Allowance Total fields must be the same amount. The amount will be paid in one payment, and the total will go to zero.

7 Percentage Of Base Pay. Leave blank for Professional Liability Insurance.

8 Status (required, alpha field; 1 position). Key in the status code. Valid values are R (release), H (hold), and I (complete).

Press Enter.

If the data passes system edits, the message *Document Successfully Added* is displayed at the bottom of the screen. If the data does not pass system edits, an error is displayed at the bottom of the screen. All errors must be corrected before the PRES database is updated.

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DP12701M                ALLOWANCES                08/29/97
OPER INITIALS            FUNCTION
DEPT/AGENCY CODE          POI                      SSNO
REF PAY PERIOD            PAY PERIOD YR            NEXT DOCUMENT TYPE
CLR=EXIT PF1=MENU PF5=HELP PF10=REFRESH PF11=DOC TYPE PF12=STATUS
*****
NAME LAST                FIRST                      MIDDLE
TRANSACTION 1
KEY AN ASTERISK (*) BESIDE THE DESIRED ALLOWANCE TYPE
HORSE ALLOWANCE          REASSIGNMENT ALLOWANCE
QUARTERS ALLOWANCE       COMPARABILITY ALLOWANCE
UNIFORM ALLOWANCE        SEPARATE MAINTENANCE ALLOWANCE
POST ALLOWANCE           EDUCATION ALLOWANCE
FOREIGN LANGUAGE ALLOWANCE RECRUITMENT INCENTIVE ALLOWANCE
PARKING FRINGE           HAZARDOUS DUTY ALLOWANCE
>INSURANCE ALLOWANCE 2
3 TAXABLE
4 ALLOWANCE CODE
5 ALLOWANCE RATE
ALLOWANCE TOTAL 6
PERCENTAGE OF BASE PAY 7
8 STATUS
DC904860 KEY IN REQUIRED DATA AND PRESS ENTER
  
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